

VZCZCXRO0502
PP RUEHDBU
DE RUEHKV #2331/01 1661555
ZNY CCCCC ZZH
P 151555Z JUN 06
FM AMEMBASSY KIEV
TO RUEHC/SECSTATE WASHDC PRIORITY 9919
INFO RUCNCIS/CIS COLLECTIVE
RUEHZG/NATO EU COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 03 KIEV 002331

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E.O. 12958: DECL: 06/05/2016
TAGS: [PGOV](#) [PREL](#) [PINR](#) [KDEM](#) [SOCI](#) [MARR](#) [ETRD](#) [UP](#)
SUBJECT: UKRAINE: OUR UKRAINE INSIDER ZVARYCH ON
ORANGE-BLUE CONSULTATIONS

REF: A. KIEV 2316
[B. KIEV 2281](#)
[C. KIEV 2279](#)
[D. KIEV 2190](#)
[E. KIEV 2296](#)

Classified By: Ambassador for reasons 1.4(a,b,d).

[1](#)1. (C) SUMMARY: Our Ukraine (OU) negotiator Roman Zvarych updated DCM June 14 regarding ongoing OU-Party of Regions talks on forming a Rada (parliament) majority coalition, trying to put a positive spin on OU's possible about-face. An Orange-Blue coalition could be in place by June 20, since differences were relatively narrow and Regions wanted to move quickly. Zvarych blamed Yuliya Tymoshenko's difficult personality for the breakdown in "Orange" coalition talks and generally characterized Socialist Party leader Oleksandr Moroz' offer as too little, too late. In discussion with Regions, OU was insisting on filling the PM position and Regions in turn would get the Rada speakership. Zvarych argued a coalition with Regions would allow Ukraine to both strengthen its relations with Russia and move toward NATO. Regions had agreed to a NATO Membership Action Plan (MAP) by September and would sign a private protocol confirming its agreement. OU also made clear to Regions that it would "close its doors" to Regions, if the party pursued a special investigation into the U.S.-Ukraine "Sea Breeze" exercise in Crimea. (Note: The Communist Party tabled a motion to add the item to the Rada agenda with Regions support during the June 15 session, but it failed to pass. See septel.) If an Orange-Blue coalition were formed, OU would minimize the negative political fall-out by quickly delivering on economic issues that impacted voters day-to-day lives. Regions would also support OU legislation on administrative reform, anti-corruption efforts, the end to a moratorium on agricultural land sales, and WTO accession, with one reservation. Perhaps illustrative of OU's uncertainty over which direction to go in coalition negotiations, OU lead negotiator Roman Bezsmertniy sent the Embassy a message in the late afternoon of June 15 that OU was "equidistant" from Tymoshenko and Regions and asked for the USG's input. End summary.

Orange-Blue by June 20?

[1](#)2. (C) DCM discussed ongoing talks on forming a Rada (parliament) majority coalition between Our Ukraine (OU) and Party of Regions with Our-Ukraine negotiator Roman Zvarych June 14. Zvarych was careful to characterize the talks as "consultations" and not negotiations, though he thought differences could be worked out quickly, possibly leading to the announcement of an "Orange-Blue" coalition by June 20. OU would not make a final decision on a coalition with Regions without President Viktor Yushchenko's final approval ("a clear position"), but noted that today's consultations were started only after Yushchenko gave a "clear signal" that

he wanted OU to move toward Regions. In the consultations, Regions side was represented by MP Mykola Azarov, and wanted to move forward quickly. Zvarych noted OU was "taken aback" by Regions desire to move quickly, and was unable to respond as quickly in coalition talks.

Whither Tymoshenko?

13. (C) Zvarych said OU could not see any reason to join an Orange Coalition if Tymoshenko were PM. Tymoshenko had "fascist tendencies," which became clear to him when she tried to gain his support for a bill she drafted enforcing the "imperative mandate," allowing parties to exclude members who did not follow the party line. Later in the conversation, Zvarych noted that Tymoshenko was not the woman she had been a year ago when she was PM, and expressed concern for Ukraine's democratic foundations if she became PM. He warned that people did not realize how dangerous Tymoshenko was, and averred that OU's primary reason for not forming an Orange Coalition with Yuliya Tymoshenko's Bloc (BYuT) and the Socialists was to keep Tymoshenko from becoming PM. OU's opposition to Tymoshenko as PM began to harden two weeks ago when she began demanding numerous changes to the coalition agreement. Zvarych, noting that he was no psychologist, said he thought Tymoshenko had mental problems because she would scream at people during the coalition negotiations.

Moroz's offer falls flat

14. (C) Zvarych said Socialist chief Oleksandr Moroz's offer

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to drop his bid for the Rada speakership if government positions were filled according to election results was "more unacceptable than having Moroz as speaker." Sounding like his old feisty self, Zvarych said he asked Tymoshenko if she would give up the PM job if Yushchenko joined BYuT. (Note: Since Tymoshenko was insisting that the Presidency, PM, and Speaker positions be divided evenly between OU, BYuT and the Socialists, if Yushchenko were a BYuT member, OU would have a claim on the Prime Minister position and presumably the Socialist could have the Rada speakership.) It would be perfectly logical, per Zvarych, for her to give up the PM-ship in this situation. According to Zvarych, Tymoshenko refused to do so.

Distribution of jobs in Orange-Blue

15. (C) Zvarych reported that only a "preliminary discussion" had been held June 14 with Regions on job distribution in a potential coalition. OU would not vote for a coalition with Regions unless OU got the PM job; Regions would get the position of Rada speaker. Zvarych thought either Regions head Viktor Yanukovych or Regions MP Raisa Bohatyrova would get the speakership. PM Yuriy Yekhanurov would "possibly" be PM, though when pressed Zvarych said he had not been privy to the discussion and did not have details on who were candidates for what jobs. (Comment: Perhaps he did not have the details, but Zvarych also could have been sidestepping because OU-insider Petro Poroshenko was in the running for the PM job. Tymoshenko claimed to us many times previously that Zvarych was in Poroshenko's corner.)

Political fallout for OU?

16. (C) According to Zvarych, at the June 13 faction meeting of OU, an "overwhelming majority" spoke in favor of a coalition with Regions. Zvarych was surprised by this development, and pointed to it as proof that the tide within OU had begun to turn against Tymoshenko about two weeks

previously. Zvarych reiterated that Yushchenko would have to give a green light or signal before there would be an agreement with Regions, although Yushchenko would not have to "bless" the deal. He acknowledged there would be "major ramifications" in terms of political fallout if OU created a coalition with Regions. OU's strategy would be to move quickly on economic and other "bread and butter" issues that directly affected people's lives in order to shore up political support. Zvarych opined that Tymoshenko would be "very active" against OU in the next few months and that OU would "have to learn how to take a punch -- there's no other way out." OU's preliminary analysis was the party needed to ensure the coalition with Regions would last, because, if Regions were to pull out in a year, OU would "be sunk." Nevertheless, OU would be "irresponsible" not to set up a coalition, since it would be a major loser if Yushchenko dismissed the parliament. Zvarych averred that a coalition with Regions would "strengthen Ukraine's sovereignty" and lead to both better relations with Russia and movement toward NATO. He provided a read-out on specific policy issues discussed between OU and Regions (see below) and noted that Regions had "only" 30 proposals for the coalition agreement.

Military Relations

¶17. (C) From the coalition talks, Zvarych said Regions was fine with a September date to move ahead with a NATO Membership Action Plan (MAP). Regions had "no problem" with seeking full NATO membership, only a "request" that OU not make public its agreement on NATO. It would sign a private protocol affirming that Ukraine could move in the direction of NATO membership.

¶18. (C) DCM noted we heard Regions planned to introduce and try to enact legislation June 15 authorizing an investigation into the events in Feodosiya and the presence of our Marine reservists in Crimea. Zvarych said OU made it clear to Regions that, if they took such a step, OU would "close its doors" to Regions. The party knew it had to take some steps to back away from last week's activities in Feodosiya and, if it wanted to move quickly to a coalition agreement, Regions needed to send a signal and take a public step on this issue.

It was hedging right now, and needed to work out its position. Zvarych predicted that, once there was a Rada speaker, the legislation authorizing the exercise would be enacted. Regions would not do an "about face" on the issue, but it would take incremental steps to change its position.

Governance

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¶19. (C) Zvarych said Regions was "comfortable" with OU's position on safeguarding the territorial integrity of Ukraine and would support OU's legislation on territorial and administrative reform. Such legislation would aim to decentralize power and push budgetary responsibility down to the Oblast and Rayon level.

¶10. (C) Zvarych said Regions fully agreed with draft language in OU's coalition agreement. Regions would subscribe to the ethical code laid out in the agreement, support the creation of a National Bureau for Investigation, and support reform of the Prosecutor General's Office to prosecute cases, not investigate them.

Economic Issues

¶11. (C) When queried on the RosUkrEnergo gas deal, Zvarych responded that it was "an interesting question," noting that a PM other than Tymoshenko could reach an accommodation with Moscow more easily. That said, Zvarych noted Russia was acutely aware that Ukraine was moving toward the EU and NATO.

¶12. (C) Zvarych said Regions was ready to end the moratorium on sale of agricultural land as scheduled on December 31, and observed that, on January 1, it should be possible to "move toward market relations" in the agricultural sector. However, first the GOU would need to set up the legal infrastructure to handle this as the land certificate system needed to be put in order.

¶13. (C) Zvarych said WTO accession was "no problem" for Regions, with the caveat that Regions wanted to protect the metallurgical industry "within the WTO framework," an issue that still needed to be worked out.

Late news from Bezsmertniy

¶14. (C) In the late afternoon of June 15, OU lead negotiator Roman Bezsmertniy sent us a message noting that OU was "equidistant" from a coalition with Tymoshenko or Regions. He asked for input from us or Washington on the risks of coalition with either partner.

¶15. (U) Visit Kiev's Classified Website:
www.state.sgov.gov/p/eur/kiev.
Taylor